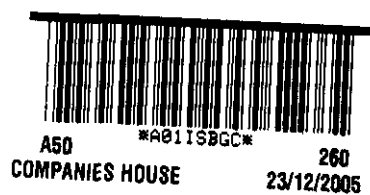


LOTHIAN PLC

Registered Number 2470362

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005



LOTHIAN PLC

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LOTHIAN PLC DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The company is a non-trading holding company of Shanks Chemical Services (Scotland) Limited (SCSL). SCSL is engaged in the business of the recovery of industrial solvents and chemicals and the manufacture of chemicals.

TRADING RESULTS AND DIVIDENDS

The Company is a non-trading holding company. Details of its Subsidiary Company are set out at Note 3 to the financial statements. The Directors recommend that no dividend be paid in respect of the year ended 31 March 2005 (2004: £Nil).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office during the year and up to the date of this report were as follows:

M C E Averill
D J Downes
C A Brown (resigned 14 May 2004)

None of the Directors had a direct interest in the share capital of the Company. Messrs Averill and Downes are also Directors of Shanks Group plc and accordingly their interests in the share capital of that company are disclosed in its report and accounts. The Directors had no interests in the shares of any other company in the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at the time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LOTHIAN PLC
DIRECTORS' REPORT - continued

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



P Kaye
Secretary

8 December 2005

Registered Office:
Astor House
Station Road
Bourne End
Bucks
SL8 5YP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOTHIAN PLC

We have audited the financial statements which comprise the balance sheet, and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

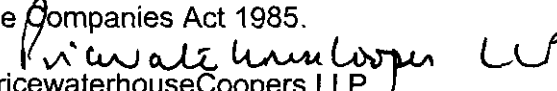
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 2005 and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date... 8 December 2005

LOTHIAN PLC
BALANCE SHEET as at 31 March 2005

	<u>Note</u>	<u>2005</u> £'000	<u>2004</u> £'000
FIXED ASSETS			
Investments	3	650	650
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	4	681	681
		<hr/>	<hr/>
NET CURRENT ASSETS		681	681
		<hr/>	<hr/>
TOTAL NET ASSETS		1,331	1,331
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	5	1,296	1,296
Share premium account	6	35	35
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		1,331	1,331
		<hr/>	<hr/>

Approved by the Board of Directors on 8 December 2005.



D J Downes
Director

LOTHIAN PLC
NOTES TO THE ACCOUNTS for the year ended 31 March 2005

1 ACCOUNTING POLICIES - Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. As the Company is a wholly owned subsidiary of Shanks Group plc, group financial statements have not been prepared as permitted by s228 of the Companies Act 1985 and the financial statements contain information about the Company as an individual undertaking.

2 OPERATING ACTIVITIES

(a) Company status

The Company has not traded during the year and accordingly it has made neither a profit nor a loss. No profit and loss account has therefore been prepared.

(b) Employees

The Company does not have any employees.

(c) Directors' emoluments

The Directors did not receive any remuneration for the services provided to this company.

(d) Auditors' remuneration

Auditors' remuneration has been borne by a fellow subsidiary undertaking of Shanks Group plc.

LOTHIAN PLC
NOTES TO THE ACCOUNTS for the year ended 31 March 2005 - continued

3 INVESTMENTS

	£'000
Shares held in subsidiary undertakings at cost:	
At 1 April 2004 and 31 March 2005	650

At 31 March 2005, the following companies were subsidiary undertakings of the Company:

<u>Name of company</u>	<u>Country of registration</u>	<u>Type of shares</u>	<u>Type of business</u>	<u>Proportion of shares held</u>
Shanks Chemical Services (Scotland) Limited	Scotland	Ordinary	Waste management	100%

The Directors are of the opinion that the value of investments in subsidiary undertakings is not less than the aggregate amounts at which they are recorded in the balance sheet.

4 DEBTORS

	<u>2005</u> £'000	<u>2004</u> £'000
Amounts owed by subsidiary undertakings	681	681

5 SHARE CAPITAL

	<u>2005</u> £'000	<u>2004</u> £'000
Authorised:		
636,461 Redeemable Preference shares of £1 each	636	636
676,461 Ordinary shares of £1 each	676	676
23,539 Ordinary 'A' shares of £1 each	24	24
	<u>1,336</u>	<u>1,336</u>
Allotted, called up and fully paid		
636,461 Redeemable Preference shares of £1 each	636	636
636,461 Ordinary shares of £1 each	636	636
23,539 Ordinary 'A' shares of £1 each	24	24
	<u>1,296</u>	<u>1,296</u>

LOTHIAN PLC**NOTES TO THE ACCOUNTS for the year ended 31 March 2005 - continued****5 SHARE CAPITAL - continued**

The Redeemable Preference shares carry a fixed cumulative preferential dividend at the rate of 10% per annum, payable half yearly in arrears on 31 March and 30 September. The shares have a redemption entitlement of £1.90. On winding up, the holders have priority before all other classes of shares to receive payment of capital plus any arrears of dividend and the redemption premium. The holders have one vote per share.

Ordinary 'A' shares have the same rights as Ordinary shares except on voting. On a poll, ordinary shares have 2 votes per share and 'A' shares have 1 vote. On a show of hands they each have one vote per share.

6 RESERVES

Share
premium
account
£'000

At 1 April 2004 and 31 March 2005

35

7 RELATED PARTY TRANSACTIONS

As permitted by FRS8, the Company, being a wholly owned subsidiary of another company which prepares a statement of related party transactions including that of this Company, has not prepared such a statement itself.

8 CASH FLOW STATEMENT

As permitted by paragraph 8(c) of FRS1 (revised 1996), the Company, being a wholly owned subsidiary of another company which prepares a cash flow statement including that of this Company, has not prepared such a statement itself.

9 IMMEDIATE & ULTIMATE PARENT COMPANY

The immediate holding company is Shanks Chemical Services Limited. The ultimate parent company is Shanks Group plc, a company registered in Scotland. Copies of the group accounts may be obtained from the Company Secretary, Shanks Group plc, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.